



Summary of Financial Results for the Third Quarter of Fiscal Year 2012 (Nine Months Ended September 30, 2012)

[Japanese GAAP]

October 26, 2012

Company name: **Senshukai Co., Ltd.**

Stock exchanges: Tokyo and Osaka, First Sections

Stock code: 8165

URL: <http://www.senshukai.co.jp>

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Scheduled date of filing of Quarterly Report: November 13, 2012

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the 3rd Quarter of 2012 (January 1, 2012 – September 30, 2012)

(1) Consolidated operating results (cumulative)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q 2012	102,219	6.6	127	(88.7)	340	(66.7)	(55)	-
3Q 2011	95,905	(1.7)	1,130	(31.3)	1,023	(31.6)	150	(83.0)

Note: Comprehensive income (million yen) 3Q 2012: 590 (down 38.6%) 3Q 2011: 961 (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q 2012	(1.28)	-
3Q 2011	3.48	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q 2012	92,248	41,298	44.8	953.58
Fiscal Year 2011	90,441	41,444	45.8	956.94

Reference: Shareholders' equity (million yen) 3Q 2012: 41,298 Fiscal Year 2011: 41,444

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2011	-	7.00	-	7.00	14.00
Fiscal Year 2012	-	10.00	-	-	-
Fiscal Year 2012 (forecasts)	-	-	-	10.00	20.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Outlook for Fiscal Year 2012 (January 1, 2012 – December 31, 2012)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year 2012	147,500	7.5	3,300	6.2	3,500	8.2	2,850	80.0	65.81

Note: Revision to the most recently announced consolidated outlook: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to “2. Matters Related to Summary Information (Notes)” on page 4 for further information.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at end of period (including treasury stock)

3Q 2012:	47,630,393 shares	Fiscal Year 2011:	47,630,393 shares
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2) Number of shares of treasury stock at end of period

3Q 2012:	4,321,414 shares	Fiscal Year 2011:	4,321,035 shares
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3) Average number of shares outstanding during the period

3Q 2012:	43,309,210 shares	3Q 2011:	43,309,544 shares
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* Disclosure regarding the implementation of quarterly review procedures

These quarterly financial results materials are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. Thus, at the time of its disclosure, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Act have not been completed.

* Cautionary statement with respect to forward-looking statements

The above projections are based on information available at the time of release of this report. Actual results could differ significantly from these projections due to a variety of factors. For further details regarding the projections, please refer to page 3, “Qualitative Information Regarding Consolidated Outlook.”

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the cumulative third quarter (January 1, 2012 to September 30, 2012) of the current fiscal year, the Japanese economy remained unclear due to global economic stagnation caused by the European debt crisis and the slowing Chinese economy, and protracted yen appreciation.

In the retail industry, personal consumption was weak due to the impact of economic deterioration as well as typhoons and lingering heat in September. The business environment surrounding companies remains harsh.

In this environment, the Senshukai Group pulled together to achieve the targets of its medium-term management plan which concludes in Fiscal Year 2013.

Net sales in the cumulative third quarter rose 6.6% year-over-year to 102,219 million yen.

As for profits, operating income declined 88.7% year-over-year to 127 million yen due to a decline in the gross profit margin on higher cost-of-sales ratio and an increase in selling, general, and administrative expenses.

Ordinary income declined 66.7% year-over-year to 340 million yen despite foreign exchange gains and other factors. Net loss totaled 55 million yen, compared with income of 150 million yen in the same period of the previous fiscal year, mainly due to the loss on valuation of investment securities.

Overview by segment

(Mail-order Business)

Consolidated sales in the mail-order business, comprising the catalog and the *hanpukai* businesses, increased 6.2% year-over-year to 91,669 million yen in the cumulative third quarter due to an increase in membership in the catalog business.

The gross profit margin deteriorated due to an increase in sales of Internet-only products which tend to have a high cost of sales, and an increase in bargain sales in the wake of higher inventory. Also, selling, general and administrative expenses rose due to an increase in distribution-related costs from an increase in the number of deliveries, and an increase in catalog-related costs. As a result, operating loss totaled 293 million yen, compared with income of 812 million yen in the same period of the previous fiscal year.

1) Catalog business

Consolidated sales in the catalog business rose 7.5% year-over-year to 85,041 million yen in the cumulative third quarter.

2) *Hanpukai* business

Consolidated sales in the *hanpukai* business decreased 7.9% year-over-year to 6,628 million yen in the cumulative third quarter.

(Bridal Business)

Consolidated sales in the bridal business, centered on the house wedding business, rose 24.4% year-over-year to 6,779 million yen in the cumulative third quarter due to an increase in the number of weddings from the opening of new facilities. Operating income totaled 187 million yen, compared with loss of 19 million yen in the same period of the previous fiscal year.

(Corporates Business)

Consolidated sales in the corporates business, which provides products and services to corporations, decreased 12.0% year-over-year to 2,830 million yen in the cumulative third quarter due to the lower contracting services sales. Operating income decreased 22.5% year-over-year to 279 million yen.

(Others)

Consolidated sales in other businesses, which consist of the services business (primarily travel and credit card services) and the pet business (pet goods sales through retail stores), increased 0.5% year-over-year to 939 million yen in the cumulative third quarter. Operating loss totaled 46 million yen, compared with loss of 29 million yen in the same period of the previous fiscal year.

Note: As Senshukai changed its reportable segment classifications from the third quarter of the current fiscal year, the new classifications have been applied to year-ago figures to allow for year-over-year comparisons. Please see “3. Quarterly Consolidated Financial Statements, (5) Segment and Other Information” for details.

(2) Qualitative Information Regarding Consolidated Financial Position**(Balance sheet position)**

Assets totaled 92,248 million yen at the end of the third quarter of the current fiscal year, up 1,807 million yen from the end of the previous fiscal year.

Current assets increased 1,220 million yen to 45,702 million yen. The main factors were decreases of 2,121 million yen in accounts receivable-other and 1,738 million yen in cash and deposits, and increases of 2,756 million yen in merchandise and finished goods, 1,124 million yen in other, 643 million yen in notes and accounts receivable-trade and 506 million yen in short-term investment securities. Noncurrent assets increased 586 million yen to 46,546 million yen, mainly due to decreases of 455 million yen in intangible assets and 828 million yen in investments and other assets, and an increase of 1,871 million yen in property, plant and equipment.

Current liabilities decreased 1,537 million yen to 39,706 million yen. The main factors were an increase of 2,586 million yen in short-term loans payable, and decreases of 1,409 million yen in accounts payable-factoring, 855 million yen in notes and accounts payable-trade, 842 million yen in other, 739 million yen in forward exchange contracts and 172 million yen in provision for sales promotion expenses. Noncurrent liabilities increased 3,490 million yen to 11,243 million yen. The main factor was an increase of 3,490 million yen in long-term loans payable.

Net assets decreased 146 million yen to 41,298 million yen. The main factors were increases of 377 million yen in deferred gains or losses on hedges and 269 million yen in valuation difference on available-for-sale securities, and a decrease of 791 million yen in retained earnings. Consequently, the equity ratio was 44.8%.

(3) Qualitative Information Regarding Consolidated Outlook

Senshukai maintains its consolidated outlook for the current fiscal year (January 1, 2012 to December 31, 2012) that was released on July 20, 2012, but actual results could differ significantly due to a variety of factors. Senshukai will quickly disclose any revisions to its consolidated outlook as they become necessary.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

(Calculation of tax expense)

The tax expenses are calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes and minority interests during the fiscal year in which the quarter under review falls, and multiplying that rate by the income before income taxes and minority interests for the quarter under review. However, the Company uses legally stipulated effective tax rates to calculate tax expenses for cases in which using estimated tax rates gives a noticeably irrational result.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

(Additional information)

Application of Accounting Standard for Accounting Changes and Error Corrections

Senshukai has adopted the “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (ASBJ) Statement No. 24, December 4, 2009)” and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) for accounting method revisions and for corrections to past errors from the beginning of the first quarter of the current fiscal year.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets**

(Million yen)

	Fiscal Year 2011 (As of Dec. 31, 2011)	3Q 2012 (As of Sep. 30, 2012)
Assets		
Current assets		
Cash and deposits	7,500	5,762
Notes and accounts receivable-trade	6,589	7,232
Short-term investment securities	31	538
Merchandise and finished goods	17,022	19,779
Raw materials and supplies	118	119
Accounts receivable-other	8,802	6,680
Other	4,696	5,820
Allowance for doubtful accounts	(278)	(229)
Total current assets	44,482	45,702
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,513	13,443
Land	10,880	11,947
Other, net	2,056	2,929
Total property, plant and equipment	26,449	28,320
Intangible assets		
Goodwill	2,429	2,315
Other	4,506	4,164
Total intangible assets	6,935	6,480
Investments and other assets		
Investment securities	5,996	5,514
Other	6,921	6,549
Allowance for doubtful accounts	(343)	(317)
Total investments and other assets	12,574	11,745
Total noncurrent assets	45,959	46,546
Total assets	90,441	92,248

(Million yen)

	Fiscal Year 2011 (As of Dec. 31, 2011)	3Q 2012 (As of Sep. 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,282	8,427
Short-term loans payable	3,843	6,430
Current portion of bonds	736	700
Accounts payable-factoring	13,710	12,300
Income taxes payable	146	108
Provision for directors' bonuses	31	-
Provision for sales promotion expenses	613	441
Forward exchange contracts	1,941	1,201
Other	10,939	10,097
Total current liabilities	41,244	39,706
Noncurrent liabilities		
Bonds payable	2,550	1,850
Long-term loans payable	3,971	7,462
Provision for retirement benefits	31	33
Asset retirement obligations	364	317
Other	834	1,580
Total noncurrent liabilities	7,753	11,243
Total liabilities	48,997	50,950
Net assets		
Shareholders' equity		
Capital stock	20,359	20,359
Capital surplus	21,038	21,038
Retained earnings	12,288	11,496
Treasury stock	(2,775)	(2,775)
Total shareholders' equity	50,910	50,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,008)	(739)
Deferred gains or losses on hedges	(1,237)	(860)
Revaluation reserve for land	(7,041)	(7,041)
Foreign currency translation adjustment	(177)	(178)
Total accumulated other comprehensive income	(9,465)	(8,820)
Total net assets	41,444	41,298
Total liabilities and net assets	90,441	92,248

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statements of Income****(For the Nine-month Period)**

(Million yen)

	3Q 2011 (Jan. 1, 2011 – Sep. 30, 2011)	3Q 2012 (Jan. 1, 2012 – Sep. 30, 2012)
Net sales	95,905	102,219
Cost of sales	49,850	53,973
Gross profit	46,055	48,245
Selling, general and administrative expenses	44,925	48,117
Operating income	1,130	127
Non-operating income		
Interest income	33	40
Dividends income	87	84
Foreign exchange gains	39	191
Other	289	379
Total non-operating income	449	696
Non-operating expenses		
Interest expenses	171	186
Relief aid expenses	108	-
Commission fee	-	187
Other	276	110
Total non-operating expenses	556	483
Ordinary income	1,023	340
Extraordinary income		
Gain on sales of noncurrent assets	1	1
Gain on sales of investment securities	139	22
Total extraordinary income	140	23
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	42	95
Loss on valuation of investment securities	372	183
Provision of allowance for doubtful accounts	183	-
Loss on valuation of golf club membership	1	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	111	-
Loss on disaster	62	-
Special retirement expenses	122	-
Other	16	-
Total extraordinary losses	911	278
Income before income taxes and minority interests	252	85
Income taxes	101	140
Income (loss) before minority interests	150	(55)
Net income (loss)	150	(55)

Quarterly Consolidated Statements of Comprehensive Income**(For the Nine-month Period)**

(Million yen)

	3Q 2011 (Jan. 1, 2011 – Sep. 30, 2011)	3Q 2012 (Jan. 1, 2012 – Sep. 30, 2012)
Income (loss) before minority interests	150	(55)
Other comprehensive income		
Valuation difference on available-for-sale securities	123	269
Deferred gains or losses on hedges	705	377
Foreign currency translation adjustment	(7)	(1)
Share of other comprehensive income of associates accounted for using equity method	(11)	-
Total other comprehensive income	810	645
Comprehensive income	961	590
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	961	590
Comprehensive income attributable to minority interests	-	-

(3) Going Concern Assumption

Not applicable.

(4) Significant Changes in Shareholders' Equity

Not applicable.

(5) Segment and Other Information

I 3Q 2011 (Jan. 1, 2011 – Sep. 30, 2011)

1. Information related to sales and profit or loss for each reportable segment (Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	86,304	5,450	3,215	94,970	934	95,905	-	95,905
Inter-segment sales	701	-	210	911	63	974	(974)	-
Total	87,005	5,450	3,425	95,882	998	96,880	(974)	95,905
Segment profit (loss)	812	(19)	361	1,154	(29)	1,124	5	1,130

Notes: 1. Others represent the businesses which are not included in any of the three reportable segments and consist of the services business primarily offering travel and credit card services, and the pet business distributing pet goods sales through retail stores.

2. The 5 million yen adjustment to segment profit (loss) comprises elimination for inter-segment transactions.

3. Segment profit (loss) is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

2. Information related to impairment of noncurrent assets, goodwill, etc. for each reportable segment

No major events or changes occurred.

II 3Q 2012 (Jan. 1, 2012 – Sep. 30, 2012)

1. Information related to sales and profit or loss for each reportable segment (Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income (Note 3)
	Mail-order business	Bridal business	Corporates business	Sub-total				
Net sales								
Sales to customers	91,669	6,779	2,830	101,279	939	102,219	-	102,219
Inter-segment sales	454	-	44	499	95	594	(594)	-
Total	92,124	6,779	2,874	101,778	1,034	102,813	(594)	102,219
Segment profit (loss)	(293)	187	279	174	(46)	127	(0)	127

Notes: 1. Others represent the businesses which are not included in any of the three reportable segments and consist of the services business primarily offering travel and credit card services, and the pet business distributing pet goods sales through retail stores.

2. The (0) million yen adjustment to segment profit (loss) comprises elimination for inter-segment transactions.

3. Segment profit (loss) is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

2. Information related to impairment of noncurrent assets, goodwill, etc. for each reportable segment

No major events or changes occurred.

3. Information related to revisions for reportable segments

Following the business transfer between companies within the consolidated group, a part of the business in the others segment was changed to the mail-order business segment in the third quarter of the current fiscal year. The reportable segment for the cumulative third quarter of the previous fiscal year is prepared and disclosed based on the calculation methods after this change.

** This financial report is solely a translation of summary of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*